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Applicant: Peterson, Gary E. Examiner: Pillai, Namitha

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Title: INTERACTIVE RISK MANAGEMENT
SYSTEM AND METHOD

SECOND DECLARATION OF ROBERT P. CATALANO

I, Robert P. Catalano declare as follows:

1. As stated in my Declaration signed in June 23, 2008, I am, and have been, employed by IMAG, Inc. ("IMAG) since early 1994, initially as a consultant and in 1995 as a full-time salaried employee with the title of Director. I have been, and currently am responsible for procedural, operational and management risk analysis for IMAG's customers, utilizing the interview process and translating the results of these interviews into multi-dimensional process maps that are down-loaded onto the customer's corporate intranet system for use by its employees. IMAG, Inc. is the assignee of this application.

2. I have read and am familiar with the subject matter set forth in claims 1-20 that are currently pending in this application. I have also read and understand the content of the "Declaration of Prior Invention Under 37 C.F.R. Section 1.131" filed in this application on January 16, 2008 and signed by Gary E. Peterson on December 19, 2007 (the "December 19, 2007 Peterson Declaration"); and the "Supplemental Declaration of Prior Invention Under 37

C.F.R. Section 1.131," signed by Gary E. Peterson on June 23, 2008 and filed in this application (the "June 23, 2008 Peterson Declaration")

3. I also made a supporting Declaration in this application on June 23, 2008, ("my June 23, 2008 Declaration"). Any restatements of facts in this Second Declaration are provided to place the additional information in proper context. I reconfirm the accuracy and content of my June 23, 2008 Declaration, and also wish to clarify that in paragraphs 5 and 10 of my June 23, 2008 Declaration, the statement that the segments in the adjacent rings of RPC Exhibit A-1 being an "actuatable display region" was based upon what the software application was capable of being programmed to perform. The version of RPC Exhibit A-1 that was actually reduced to practice and disclosed to a prospective customer of IMAG is discussed in greater detail in paragraphs 11 and 21 of this declaration and had one segment that was hyperlinked to the linear map, in particular, to a page similar to that shown with respect to RPC Exhibit A-2 of my June 23, 2008 Declaration.

4. Mr. Gary E. Peterson, who is the inventor named in this application, is currently, and was at all relevant times described below, the President of IMAG and has the direct organizational authority for assigning the projects on which I work and defining their scope. IMAG was (and is) engaged in consulting with clients, including international banking and finance institutions whose operations were (and are) subject to extensive laws, rules and regulatory schemes imposed by federal governments, state governments and regulatory authorities. In 2002, IMAG was a small company with a total of four operations employees, a receptionist, and three off-site consultants. There was little formal delineation of duties. I and

the other employees at IMAG performed various functions to achieve the common goal of developing the business and serving the company's clients. The operations employees at the time of the conception and development of Mr. Peterson's invention were Messrs. Peterson, Robert van Eyck, Douglas Sloan and me. The consultants were Tom Pastore, Chares Beach and Joel Talka; they visited the office from time-to-time, but primarily worked outside of the office. Messrs Peterson, Robert van Eyck, Douglas Sloan and I all worked the same office space at 122 East 42nd Street, 25th Floor, New York, NY 10168. The space was about 1800 square feet, and consisted of Mr. Peterson's office, a conference room, an open office layout having three active workstations, one workstation used primarily for storage, and a reception area. The three active workstations were occupied by Messrs Van Eyck, Sloan, and me.

5. I have read the Declaration of Robert van Eyck in this application signed on March 3, 2009 and confirm its accuracy based on my own knowledge of the facts recited, and on information and belief.

6. The following paragraphs 7 through 16 describe the development and operation of the program that I created under Mr. Peterson's direction for mapping processes and displaying associated risk messages.

7. Commencing in at least October 2002, I had several meetings with Mr. Peterson regarding his concept of a new system and method using a mapping program for identifying, defining and evaluating the risk in the operations of a business. Our internal name for this was the "Enterprise-Wide Risk Schematic Diagnostic Mapping Tool", informally

referred to by us as “The Maps.” During the initial meeting, Mr. Peterson described the concept to me verbally, including the stepwise functioning and general appearance of the program. I was assigned the task by Mr. Peterson of developing a system and process based on the information that he conveyed to me in this initial meeting that would be used by a bank or other financial services business organization. An essential feature was that processes at all levels of the operation would be mapped in complete and comprehensive detail and the new computer software would be used by employees to quickly identify any risks associated with proposed transactions with third parties. It was my understanding and belief that Mr. Peterson assigned this task to me because at the time I had the highest degree of computer literacy among IMAG’s employees. Mr. van Eyck also participated in some of these meetings as he was involved with marketing activities of IMAG.

8. In order to proceed with the development of the new system and method for enterprise risk identification as directed by Mr. Peterson, I evaluated the capabilities of various software programs that were presently on hand and available to me at IMAG’s office. These programs included Microsoft PowerPoint®, Micrografx ABC FlowCharter®, Microsoft Word® and Microsoft Visio®. Using Microsoft PowerPoint® and Micrografx ABC FlowCharter®, I created part of the visual display; however, with these programs there was no linking capability as required by Mr. Peterson’s conception. I also found that Microsoft Word® lacked the graphical mapping capabilities required by Mr. Peterson’s concept. Using Microsoft Visio®, which had the attributes of allowing one to draw maps and create hyperlinks, I was able to create a prototype program. Based upon this trial and error process, I determined that

Microsoft Visio® was particularly suitable for carrying out the mapping program conceived of, and communicated to me by Mr. Peterson.

9. With the Visio® software installed on my desktop computer at the offices of IMAG, I proceeded with the entry of various process steps for a number of different processes, procedures and associated risks of the type that are typically encountered in the day-to-day business operations of banks and similar financial institutions. These were portrayed using graphic boxes in Visio®, in which I inserted text that described the process. For the prototype program, certain boxes included hyperlinks to a more detailed map on a separate screen display that appeared when I clicked on the box. During my development work, Mr. Peterson would regularly review the application as a work in progress, and provide me with additional directions and instructions for alternative approaches and processes to be included in the mapping program. The development was a collaborative process. As the company marketing manager, Mr. van Eyck also witnessed and participated in the development of the Enterprise-Wide Risk Schematic Diagnostic Mapping Tool by viewing the mapping application and providing feedback, generally from the perspective of a potential customer or the user and providing his views as to the look and feel, and some of the detailed content of the program.

10. A working prototype of a software product for use in the practice of the process meeting the limitations of the claimed invention was ready for presentation to potential clients by no later than the first week of December 2002. Even at the early stage of the initial version of this prototype program, I had made it customizable to provide further hyperlinks for all of the displayed processes and procedures, and to add other activities, processes and

associated risks, depending on factors such as the type of the institution by which the program was to be used, and the countries in which the client operated.

11. With my June 23, 2008 Declaration, I attached a series of sheets identified collectively therein as RPC Exhibit A, consisting of 7 pages (RPC Exhibits A-1 through A-7). The initial iteration of the Enterprise-Wide Risk Schematic Diagnostic Mapping Tool had an opening screen in the form of a circular chart known as a “front piece,” with segments of known banking activities including (1) Anti-Money Laundering (“AML”), (2) Know Your Customer (“KYC”), (3) Suspicious Activity Reporting (“SAR”), and (4) Office of Foreign Assets Control (“OFAC”). This front piece and the linear maps were produced by me based upon the verbal description and instructions of Mr. Peterson’s invention during the months of October and November of 2002, using Microsoft Visio®. RPC Exhibit A-1 of my June 23, 2008 Declaration is a color reproduction from my office computer file of that front piece as originally created by me in 2002, and includes a mapping of several processes associated with different aspects of the banking industry, in the form of concentric rings. In the particular version produced during October and November of 2002, the title of the front piece was “AML/KYC/SAR/OFAC Risk Management Universe.” This front piece was created to provide an opening screen with a visualization of key processes in the banking industry. A link was provided that hyperlinked to the first page of a linear map. A colorized version of the front piece was used to hyperlink directly into the Enterprise Wide Risk Schematic Diagnostic Mapping Tool as an introduction page.

12. The operable computer mapping program that was completed no later than the first week of December 2002 included a so-called “swim lane” linear flow diagram containing typical specific banking operational steps conducted by various bank employees. RPC Exhibits A-2 through A-7 represented processes and sub-processes for a banking operation example that was used by IMAG for demonstration to potential customers. RPC Exhibit A-2 included the following banking processes: “Lending,” “Consumer Lending,” “Credit,” “Treasury,” “Operations,” “Accounting,” “Audit /compliance,” “Human Resources” and “IT.” For the operable prototype, I included hyperlinks to certain processes and related sub-processes. In particular, the “Operations” process lane included sub-processes “Loans,” “Trade Finance,” “Money Market Products,” “Foreign Exchange” (with sub-sub-processes “Dominican Republic Pesos” and “Other Currencies”), “Funds Transfer” (with sub-sub-processes “Outgoing,” “Incoming,” “OFAC,” and “Teller Operations and Pouch”) and “Securities.” In the example shown in RPC Exhibits A-2 through A-7 of my June 23, 2008 Declaration, the path started with sub-process “Funds Transfer,” and sub-sub-process “Outgoing.”

13. The application was programmed so that when I selected the “Outgoing” sub-sub-process in RPC Exhibit A-2 of my June 23, 2008 Declaration by clicking the box with a computer mouse, or by moving to the box via tab keys or arrow keys and striking the “enter” key, the swim lane process flow entitled “Funds Transfer (Outgoing) – Overview” was presented as shown in RPC Exhibit A-3 of my June 23, 2008 Declaration, replacing the high level process chart shown in RPC Exhibit A-2 my June 23, 2008 Declaration. In terms of the operation of the Enterprise-Wide Risk Schematic Diagnostic Mapping Tool, this action was commonly referred to by Messrs. Peterson, van Eyck and me, both internally and to potential customers, as “drilling

down” into a particular process. The page entitled “Funds Transfer (Outgoing) – Overview” included four swim lanes, including sub-processes for “Receipt and Distribution,” “Input and OFAC Verification,” “Input Verification, Release, and Payment Transmission,” which represent sequential processes in the first three lanes, and an additional process entitled “FT Map.”

14. The sub-process “Input and OFAC Verification” was elaborated upon, so that when I selected and clicked on that box, another swim lane process flow appeared on the screen with the same title, “Input and OFAC Verification,” as shown in RPC Exhibit A-4 of my June 23, 2008 Declaration. The flow diagram in Exhibit A-4 includes three lanes, entitled “Clerk 1,” “Data Pro” (short for data processing) and “Manager.” In each of the lanes, sub-processes are depicted with additional information available for some of these sub-processes. For instance, in the first lane, the “Procedure” button was included in the shape of a rounded rectangle, so that when a user selected that button, the application would be programmed so that the contents in that lane would expand and display the actual procedure of the process. In addition, the third lane, including the sub-process “OFAC Process,” included an associated “STOP” sign, which would be programmed so that when a user selected the STOP sign, a “risks” message associated with the process or sub-process would be displayed.

15. In the operable program, the OFAC Process was further detailed. In particular, when I selected that box, a new screen appeared entitled “OFAC Control,” as shown in RPC Exhibit A-5 of my June 23, 2008 Declaration. Three swim lanes were included on this screen to represent the sub-processes. In particular, the sub-processes for the duties and responsibilities of “Clerk One,” the “Supervisor” and the “Compliance Officer” were detailed.

At this level, the operable application included further links to provide more detailed issue and risk information, particularly with respect to the Supervisor sub-process, "System Indicates Possible OFAC Violation," and the Compliance Officer sub-process, "Review Referred Transaction." These are indicated with STOP signs, as discussed in paragraph 14. When I clicked on these STOP signs, the risk messages were identified, as shown in RPC Exhibit A-6 of my June 23, 2008 Declaration, by means of boxes having dashed lines. Note that this is the same process flow diagram as in RPC Exhibit A-5 of my June 23, 2008 Declaration, with the addition of the identified risk messages that contained specific associated risks of the connected process.

16. A further feature of the programmed, operable prototype application that was completed by me no later than early December 2002 was a screen that displayed a proposed solution for the identified risks. When a solution was programmed into the map, a "Solution" button, in the form of a rectangle, was displayed next to the identified risk. This is shown in the first lane of the "OFAC Control" process flow diagram of RPC Exhibit A-6 of my June 23, 2008 Declaration. In particular, when I selected the Solution button, a suggested solution appeared, also in a dashed-line box, replacing the Solution button on the same map, as shown in RPC Exhibit A-7 of my June 23, 2008 Declaration.

17. This initial operational prototype of the Enterprise-Wide Risk Schematic Diagnostic Mapping Tool was viewed and, I believe, understood by at least Messrs. Peterson, van Eyck and Sloan. As mentioned in paragraph 4 of this Second Declaration, IMAG was a small company with only four full-time operational employees and three consultants. All employees and consultants were aware of my work and the nature and purpose of the program.

It is also my belief that the other operational employees of the company agreed that the Enterprise-Wide Risk Schematic Diagnostic Mapping Tool was likely to be a very important tool in serving IMAG's clients.

18. The following paragraphs 19 through 22 describe the commercial presentation of the Enterprise-Wide Risk Schematic Diagnostic Mapping Tool on December 12, 2002, which was also described in paragraph 10, page 6 of my June 23, 2008 Declaration, and in paragraph 10 of the June 23, 2008 Peterson Declaration. In addition, the December 12, 2002 presentation was also discussed in Exhibit 1 of the December 19, 2007 Peterson Declaration, and referenced in the diary entry of Mr. Peterson that was attached as Exhibit 2 of the December 19, 2007 Peterson Declaration.

19. I have no doubt that my work of developing the Enterprise-Wide Risk Schematic Diagnostic Mapping Tool that I have described above was undertaken in October and November of 2002, and completed no later than the first week of December 2002. In connection with the first commercial presentation of this new system and methodology, I prepared the front piece shown as RPC Exhibit A-1 in my June 23, 2008 Declaration for use by Mr. Peterson in a presentation to a potential customer, DZ Bank, during a meeting on December 12, 2002 in which I participated at DZ Bank's offices at 609 Fifth Avenue in New York City. The following employees of DZ Bank were present at that meeting: Oliver d'Oelsnitz, the General Manager, North America for DZ Bank New York Branch; Ms. Mechthilde Boeing, Head of Human Resources and DZ Bank Project Coordinator, and Mr. Jeremy Wood of the Human Resources/Administrative Group of DZ Bank who was technological advisor for all matters in

the bank's New York branch. The presentation was made by Mr. Peterson in a conference room at DZ Bank's offices. My role in the meeting was to display and navigate the system by operating hardware provided from IMAG's offices, including a Hewlett Packard laptop computer connected to a projector (Proxima® Ultralite model DS1), while Mr. Peterson described the functionalities and how it could help DZ Bank evaluate its processes and procedures, and control and evaluate the associated risks.

20. The laptop computer that I brought to DZ Bank's office, as well as the desktop computer with which I developed the Enterprise-Wide Risk Schematic Diagnostic Mapping Tool, included features well known in the industry in 2002, including a processor, an input device, a display for displaying a graphic user interface including a browser (in particular, Microsoft Internet Explorer®, which was preinstalled on the laptop computer), and a memory (including a hard disk drive memory and a removable compact disk drive). For the purposes of the presentation, I saved a copy of the operable map and the data for the map on a compact disk from my desktop computer, and ran the program from the compact disk for the presentation. The saved data included the mapping of the plurality of processes, including embedded links to other sub-processes, and associated risks with at least some of the processes and/or sub-processes. The saved data also included the graphics (i.e., the actuatable display regions containing the text of the process, and actuatable display regions in the form of the STOP signs with the functionality of displaying to the user a risk message as discussed above in paragraphs 14 and 15). During the presentation on December 12, 2002, I inserted the compact disk including the map stored thereon into the laptop computer, and operated the map using Visio®. The map had been saved in html format so that it could be operated by Internet Explorer. Based upon my selections through the

input device, the processor of the laptop computer displayed the mapping of the plurality of processes. A set of the displayed processes included a user actuatable display region. When I actuated certain of the user actuatable display regions, at least one risk message was displayed under control of the laptop's processor that included information about the selected process and its associated risk.

21. RPC Exhibit A-1 of my June 23, 2008 Declaration is the actual front piece that was displayed to the representatives of DZ Bank on December 12, 2002, and was provided with an actuatable region, such that when selected, the first page of the linear map of RPC Exhibit A-2 of my June 23, 2008 Declaration appeared on the screen and was projected for viewing.

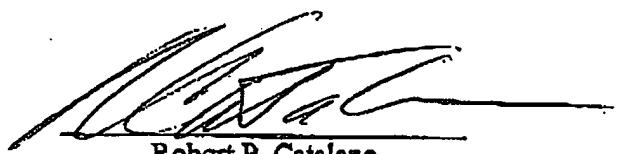
22. RPC Exhibits A-2 through A-7 of my June 23, 2008 Declaration are copies of another presentation made at a later date to BPD International Bank. However, the only changes made to the operable prototype demonstrated to potential customers for about one year from the first demonstration to DZ Bank was the title of the multi-dimensional map as shown in RPC Exhibit A-2 of my June 23, 2008 Declaration, which is the name of the bank. We changed this title based upon the prospective customer. The same program operations as described above in paragraphs 10 through 16 were presented in the meeting on December 12, 2002, with the only difference being the title, which read "DZ Bank New York Branch." I have diligently searched my computer storage files and find no programs specific to the DZ Bank meeting; however, as stated above, this is due to the fact that the same presentation, with a newly

titled high level mapping page corresponding to the name of the potential customer bank, was used for at least about one year.

23. I have diligently searched my computer storage and find no additional entries corresponding to the development work done during the period October/November 2002 other than RPC Exhibits A-1 through A-7 of my June 23, 2008 Declaration. This is not surprising, since customer acceptance was immediate and IMAG's new mapping system in accordance with the claims became a commercial success. The first customer's project was completed and delivered by about January 2003, i.e., in less than two months after our first presentation.

I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment or both under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of this application or any patent issued thereon.

Date: March 10, 2009



Robert P. Catalano